



**CTED**

Community, Trade and  
Economic Development

## **APPLICATION GUIDELINES AND FORMS**

### **Energy Efficiency and Renewable Energy Loan and Grant Program**

**Issue Date:** July 1, 2009

**Information Workshops:** July 13, 14, 15, and 16

**Information Webinar:** July 23, 2009

**Notice of Intent Due Date:** July 27, 2009 at 5:00 PM

**The Notice of Intent is required if you want to apply.**

**Application Due Date:** August 17, 2009 at 5:00 PM  
Pacific Time

**Please read the entire document.**

*This is an application for funds from the  
American Recovery and Reinvestment Act.* **RECOVERY.GOV**



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# State Energy Program Loan and Grant Application Handbook

## PART I - LOAN AND GRANT PROGRAM BACKGROUND AND DESCRIPTION

The federal American Recovery and Reinvestment Act of 2009 (Recovery Act or Act) provided \$60.9 million in new funding for the Washington State Energy Program. The Washington Legislature in 2009 allocated \$38.5 million to the Department of Community, Trade and Economic Development (CTED) to administer a loan and grant program for energy efficiency and renewable energy projects.<sup>1</sup>

Energy Efficiency and Renewable Energy (EERE) Loan and Grant Programs:

These application guidelines contain the information for Washington entities to apply for a portion of the first \$20 million from the loan and grant program. The Department of Commerce will release additional application materials for the balance of the \$38.5 million no later than January 2010.

### American Recovery and Reinvestment Act of 2009

The American Recovery and Reinvestment Act (ARRA) was enacted to preserve and create jobs and promote economic recovery; to assist those most impacted by the recession; to provide investments needed to increase economic efficiency by spurring technological advances in science and health; to invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits; and, to stabilize State and local government budgets in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

On February 17, 2009, the President signed the Act, which provided \$3.1 Billion in funding to the Department of Energy (DOE) for the State Energy Program for Fiscal Year 2009. The Act appropriates funding to award formula-based grants to each of the fifty states; the State of Washington's allocation is \$60.9 million.

### Federal Goals for the State Energy Program

The DOE provided the following guidance to states in regards to the SEP program in the funding announcement for 2009 (DE-FOA-0000052, p.20-21):

- **Alignment with national goals:** DOE continues to encourage states to develop strategies that align their goals and objectives to national goals. By aligning with national goals – increasing jobs, reducing US oil dependency through increases in energy efficiency and deployment of renewable energy technologies, promoting economic vitality through an increase in “green jobs,” and reducing green house gas emissions – States and DOE demonstrate SEP leadership in successfully addressing national needs at the State and local level. These national goals are included in the Energy Policy Act of 2005, the Energy Independence and Security Act and the American Recovery and Reinvestment Act of 2009.

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<sup>1</sup> The name of the department changes to the Department of Commerce on July 26, 2009.

- **Market Transformation:** DOE requests that states continue to focus their program efforts on market transformation initiatives and actions that align with national goals. Market transformation is defined as:  
 “Strategic interventions that cause lasting changes in the structure or function of a market or the behavior of market participants, resulting in an increase in adoption of energy efficiency and renewable energy products, services, and practices.”
- **SEP Strategic Plan:** The SEP Strategic Plan establishes the following four goals for SEP:
  - Increase energy efficiency to reduce energy costs and consumption for consumers, businesses and government.
  - Reduce reliance on imported energy.
  - Improve the reliability of electricity and fuel supply and the delivery of energy services.
  - Reduce the impacts of energy production and use on the environment.

The SEP Strategic Plan is available at:

[http://apps1.eere.energy.gov/state\\_energy\\_program/pdfs/strategic\\_plan\\_0207.pdf](http://apps1.eere.energy.gov/state_energy_program/pdfs/strategic_plan_0207.pdf).

- **DOE Objectives:** DOE has established the following objectives that complement program goals articulated in the SEP Strategic Plan:
  - Transform energy markets in partnership with states to accelerate near-term deployment of energy efficiency and renewable technologies.
  - Promote an integrated portfolio of energy efficiency and renewable energy solutions to meet U.S. energy security, economic vitality, and environmental quality objectives.
  - Strengthen core state energy programs to develop and adopt leading market transformation initiatives.

This strategic direction builds on SEP successes and promotes a stronger SEP national effort. DOE will continue to enhance the effectiveness of state programs to promote and support market transformation, while maintaining support for formula grants. DOE’s plans are guided by the following principles:

- Target strategic market intervention that can cause permanent structural change.
- Identify opportunities for better integration of SEP and state energy initiatives to other EERE technology deployment and market transformation activities.
- Replicate state innovation and best practices.
- Promote collaboration across public and private agencies.
- Foster regional cooperation among state and Federal agencies.
- Improve the way we measure program performance and communicate success.

### **Washington Legislature’s Guidance for the State Energy Program**

On May 7, 2009 Governor Gregoire signed ESSB5649 and on May 11<sup>th</sup> ESHB2289 was signed, which allocated the SEP Funds to the following four programs:

*1. Community-Wide Urban Residential and Commercial Energy Efficiency Program – \$14.5 million*  
 This program will be used for the development and deployment of at least three large neighborhood based building energy efficiency projects. This program will be managed by the Washington State University Energy Program. They anticipate issuing a draft request for proposals on or around July 7, 2009.

## **2. Farm Energy Assessments Program - \$500,000**

This program will develop energy tools and training assistance to increase energy efficiency in the state's agricultural sector. This program will also be managed by the Washington State University Energy Program.

## **3. Energy Efficiency Credit Enhancement Program - \$5 million**

This program will provide credit enhancement mechanisms to state financial institutions. The program is intended to provide credit support for loans for energy efficiency in order to expand the lending available to increase energy efficiency opportunities in Washington. CTED is in the process of developing program guidelines and plans on announcing the program approach by September 2009.

## **4. Energy Efficiency and Renewable Energy Loan and Grant Program (EERE) - \$38.5 million**

This program is the subject of this application document. The Legislature directed CTED to create a loan and grant fund to provide interim financing to renewable energy projects, to assist innovative companies that have commercial or near commercial energy technologies, and to support cost-effective energy efficiency projects.

Activities that would be eligible for funding under the first three programs will *not* be eligible under the Energy Efficiency and Renewable Energy Loan and Grant program.

### **Loan and Grant Program Description**

CTED will make loans and grants of up to \$20 million under this solicitation. Approximately, one third of the money (\$6.7 million) will be distributed as grants and two-thirds (\$13.3 million) will be distributed as loans. The amount of the individual loans and grants will be between \$500,000 and \$2 million, which means that CTED will fund between ten and forty projects in this round.

The loan and grant funds will be allocated to the following three categories with a minimum of \$4 million going to each:

- Energy efficiency projects (loans only)
- Renewable energy projects (grants and loans)
- Clean energy innovation projects (grants and loans)

The first two categories are for projects that use established technologies and represent relatively lower risk projects. The third category is for innovative technologies and service delivery models that present somewhat higher risks and offer potentially higher rewards in driving market transformation towards energy efficiency and renewable energy.

CTED intends to announce award decisions in September 2009 and have the awardees under contract in October 2009. All SEP funds must be expended by December 31, 2011.

*State Energy Program funds are awarded on a reimbursement basis. Grantees must first expend the funds and then submit receipts to CTED for reimbursement from the SEP funds. Please keep this reimbursement requirement in mind in planning cash-flow needs for your proposed project.*

The Loan and Grant Program requires that applicants provide other sources of funding equal to at least as much as the loan or grant request. The non-SEP funding sources can include amounts spent or committed to the project since January 1, 2009. The minimum 50% match requirement must be in the form of cash payments or real property. In-kind contributions or donated time will not count towards the 50% minimum match requirement.

Each project or program can make only one application to the SEP for a loan or grant. An entity with multiple projects or programs that are eligible for SEP funding can submit one application for each project or program.

Each application to the SEP fund will include a statement of financial need in which the applicant certifies that the proposed grant or loan from the state is not being used to supplant other state or federal funds and that the project has an identified funding gap for which the SEP funds are appropriate. You cannot use other ARRA SEP funds for match.

## **PART II – PROJECT IMPLEMENTATION**

### **The SEP Funding Agreement**

Upon awarding grant funds, Energy Policy staff will work with each successful applicant to prepare a SEP agreement. For a copy of the current version of the grant or capital templates, please go to [www.cted.wa.gov/recovery](http://www.cted.wa.gov/recovery). PLEASE NOTE THAT THIS CONTRACT TEMPLATE IS SUBJECT TO CHANGE PENDING FURTHER GUIDANCE FROM THE FEDERAL GOVERNMENT. The most current version of the contract will be used at the time of contract negotiations.

### **SEP Contract Requirements**

Upon notification of award, funding recipient staff who will be managing the grant or loan will be required to attend training regarding contract requirements, including but not limited to the requirements specific to the Recovery Act. Training will be provided through statewide workshops, webinars, or video-conferencing.

### **Buy American – Use of American Iron, Steel, and Manufactured Goods**

None of the funds appropriated or otherwise made available by the Recovery Act may be used for a project for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States American Recovery and Reinvestment Act of 2009, Section 1605. The Recovery Act does provide for some limited exemptions to this requirement.

### **Davis-Bacon Act Wage Rate Requirements**

All laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to the Recovery Act, shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code (Davis-Bacon Act).

The work performed under contract may also be subject to the State's prevailing wage laws, Chapter 39.12 RCW. Applicants are advised to consult with the Washington State Department of Labor and Industries to determine the prevailing wages that must be paid.

### **Reporting**

Accountability and Transparency – Not later than 10 days after the end of each calendar quarter, each recipient that received recovery funds from CTED shall submit a report to CTED that

contains, but is not limited to a detailed list of all projects or activities for which recovery funds were expended or obligated, including:

1. The name of the project or activity;
2. A description of the project or activity;
3. An evaluation of the completion status of the project or activity;
4. An estimate of the number of jobs created and the number of jobs retained by engaging in the activity;
5. The amount of energy saved;
6. The amount of renewable energy generated;
7. The amount of greenhouse gases reduced;
8. The amount of funds leveraged; and
9. Key metrics that will vary by project type per U.S. DOE guidance.

Prior to contracting, successful applicants must demonstrate that they have the necessary data, accounting, and management systems in place to meet these requirements.

### **Environmental and Cultural Review**

Because ARRA funds are federal, all funding recipients must complete an environmental review under the National Environmental Policy Act (NEPA), a cultural review under Section 106 of the National Historic Preservation Act, and an environmental review under the State Environmental Policy Act. Training and additional information will be provided to successful applicants.

### **Listing Recovery Act Jobs with the Employment Security Department**

All job openings created by the funding recipients for this program must be listed with the WorkSource system (an affiliate of the Employment Security Department) before hiring; all hiring decisions also must be reported to WorkSource. In addition, all sub-contractors hired by funding recipients also must be required to list jobs and report hiring results to WorkSource. Existing or sub-contractor employees who are retained using funds from this project also must be reported to WorkSource. WorkSource will pre-screen and refer qualified job candidates for the funding recipient's or sub-contractor's consideration. The funding recipients and sub-contractors also have the discretion to use other, additional recruitment systems, and retain the right to make all hiring decisions.

### **Loan Terms**

CTED will distribute up to \$13.7 million in low-interest loans through this program. Repayment can be deferred up to four years from the date the loan is made. Loans will include the following terms:

#### ***Loan Set-up Fee***

- 1% loan set-up fee will be charged to each loan agreement. Loan fee is added to the loan amount and is recaptured with the first reimbursement request. The loan fee will be amortized over the life of the loan.

#### ***Interest Rates***

- Simple interest, i.e., interest does not compound
- 3% interest charged annually on the balance of the loan



- 2% interest is available to projects in distressed communities (on the list published by Employment Security Department at the time of application.)

### ***Terms of Repayment***

- Private entities – maximum of 5 years plus 1 year for every 12 months of deferral
- Governmental entities – maximum of 15 years
- Equal annual principal payment plus interest charged on the balance due.
- Payments are due annually by September 30<sup>th</sup> starting September 30, 2011.
- Interest and principal repayment may be deferred for 24 months on a case-by-case basis for projects that require additional development for commercialization
- No pre-payment penalty
- Subordination of debt owed to CTED may be allowed by CTED on a case by case basis should subordination be required to obtain additional funds from another lender who requires priority to the CTED debt.
- The CTED debt shall not be subordinated if it is a general obligation debt.

### ***Interim Financing/Bridge Loans will be considered with the following conditions:***

- Loans for the construction or development phase which will result in product commercialization.
- Requires documentation that take-out financing is guaranteed upon completion of construction or is secured by letter of credit as a condition of contract execution
- Loan fee is charged at time of loan repayment.
- Fixed interest rate of 3% due at time of loan repayment or 2% if in a distressed community.
- Interim Financing/Bridge Loans must be repaid with interest by January 31, 2013.

## **PART III – DATES, DEADLINES, AND CONTACT INFORMATION**

### ***Information Workshops***

Application workshops for the State Energy Program are scheduled the week of July 13<sup>th</sup>. You are not required to attend a workshop to apply though we strongly encourage **potential applicants** to attend. Workshops will explain the application materials and answer process questions. Each workshop regarding the State Energy Program will be held from 9 AM to 12 PM.

July 13 - Everett

Snohomish Public Utility District Auditorium  
2320 California St, Everett, WA

July 14 - Spokane

Whitworth University  
300 W. Hawthorne Rd, Spokane, WA

July 15 - Pasco

Columbia Basin Community College  
2600 N. 20th Ave, Pasco, WA

July 16 - Olympia

General Administration Building Auditorium  
210 - 11th Ave SW, Olympia, WA

A web based session will be held on Thursday, July 23<sup>rd</sup>, for those potential applicants who did **not** attend a workshop.

## **Questions**

Please read ALL the application materials for the SEP loan and grant program thoroughly. If you have questions, please consult the Frequently Asked Questions (FAQ) for the SEP grant and loan program at the Energy Policy section of [www.cted.wa.gov](http://www.cted.wa.gov). If after careful review of the application materials and FAQ section of the website, you still have questions about the program or your applications, please e-mail them to [energy\\_policy@cted.wa.gov](mailto:energy_policy@cted.wa.gov). To be fair to all applicants we will post written answers to questions at the FAQ section as we respond. **We cannot discuss individual projects and their potential for funding.**

All materials are available on our website: [www.cted.wa.gov/recovery](http://www.cted.wa.gov/recovery). If you need an electronic form e-mailed to you, please e-mail a request to: [energy\\_policy@cted.wa.gov](mailto:energy_policy@cted.wa.gov).

## **Notice of Intent Due Date: July 27, 2009 at 5:00 PM**

You must send CTED a Notice of Intent (NOI) to be eligible to submit a proposal. You can hand deliver, mail, e-mail or fax your Notice of Intent to CTED. You must include all of the components listed on the form in the Application Forms section. Timely submission of this mandatory document will assure the Bidder that they will receive, through e-mail notification, any amendments, questions and answers, and other correspondence pertinent to this procurement issued by CTED. Failure to submit a Letter of Intent to Bud shall disqualify the Bidder from further participation in this round of the Grant and Loan Program. The Notice of Intent Form is included on page 23. The NOI can be delivered in the following ways:

- Electronically, with "NOI" in subject line, to: [energy\\_policy@cted.wa.gov](mailto:energy_policy@cted.wa.gov)
- By FAX to (360) 586-0049; or
- Hand-delivered to the State Energy Program office at 906 Columbia St SW, 5<sup>th</sup> Floor in Olympia, Washington; or
- Mailed to the State Energy Program at PO Box 43173, Olympia, Washington 98504-3173.

## **Application Due Date: August 17, 2009 at 5:00 PM Pacific Time**

Failure to submit an application by the deadline shall disqualify the Bidder from further participation in this round of the Grant and Loan Program.

The final application can be delivered in one of two ways:

- Electronically as a PDF document to: [energy\\_policy@cted.wa.gov](mailto:energy_policy@cted.wa.gov)
- Hand-delivered to the State Energy Program at 906 Columbia St SW, 5<sup>th</sup> Floor in Olympia, Washington

## **PART IV – ELIGIBILITY INFORMATION**

Applicants for SEP funding must meet six eligibility criteria to have their proposal evaluated and scored.

- A. Eligible Applicant
- B. Eligible Project
- C. Sufficient Matching Funds
- D. SEP Funding Request Between \$500,000 and \$2,000,000
- E. Timely Expenditure of Funds
- F. Statement of Need for Funding

Applications can also be declared ineligible for failure to comply with the application requirements, including failing to meet announced deadlines, as described in Part III of the application. CTED may, at its discretion, waive minor irregularities in applications. The following sections describe the eligibility criteria in greater detail.

### **A. Eligible Applicant**

The following are eligible to apply for grant and loan funding under this offering:

#### **Washington State Public Sector entities:**

- Colleges
- Councils of government
- Local general purpose governments
- Local special purpose governments
- Ports
- 
- Public and publically owned utilities
- Public education, K-12
- State agencies
- Universities

#### **Private entities licensed to conduct business in the State of Washington:**

- For-profit businesses
- Investor-owned utilities
- education institutions
- Nonprofit entities
- Private

#### **Other:**

- Federally recognized tribes

### **Non-Eligible Applicants**

The following are not eligible to be the lead applicant for grant and loan funding under this offering:

- Federal agencies
- Individual persons

## **B. Eligible Project**

### **1. Eligible Energy Efficiency Projects**

Activities which are eligible for funding under the other SEP ARRA programs will *not* be eligible under the Energy Efficiency and Renewable Energy Loan and Grant program.

Energy efficiency projects are eligible for loans only.

Eligible projects in Washington State will use technologies that have been deployed at commercial scale that result in the reduction in energy consumption through increases in the efficiency of energy use, production, or distribution, and high-efficiency cogeneration<sup>2</sup>, except those shown on the list of ineligible projects.

#### Ineligible Energy Efficiency Projects

Ineligible projects are those projects that are eligible for the following state Recovery Act funding:

- Community-wide urban residential and commercial energy efficiency upgrades as described in Chapter 379, Laws of 2009
- Low income weatherization projects and programs which are eligible for funding through the state's low-income weatherization program.
- Loans support to financial institutions for energy efficiency projects as described in Chapter 379, Laws of 2009
- State energy efficient appliance rebates
- Green jobs training as described in Chapter 536, Laws of 2009

The federal Recovery Act prohibits the use of funds for swimming pools, gambling establishments, aquariums, zoos, and golf courses. No funds can be used for any activity whatsoever at a prohibited establishment. Any activities at facilities that are adjacent to any of the prohibited establishments and benefit any of the prohibited establishments are also prohibited.

*Note: Projects funded under Energy Efficiency and Conservation Block Grants are eligible projects and may also apply for funding through this program.*

### **2. Eligible Renewable Energy Projects**

Renewable energy projects are eligible for grants or loans or a combination.

Eligible projects are ones that are located in Washington State that use technologies that have been deployed at commercial scale that generate liquid fuels, process heat or electricity using the following renewable resources, except for those listed as ineligible renewable energy projects:

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<sup>2</sup> High-efficiency cogeneration is the sequential production of electricity and useful thermal energy from a common fuel source, where, under normal operating conditions, the facility is designed to have a projected overall thermal conversion efficiency of at least seventy percent. "Overall thermal conversion efficiency" means the output of electricity plus usable heat divided by fuel input. The reduction in load due to high-efficiency cogeneration shall be calculated as the ratio of the fuel chargeable to power heat rate of the cogeneration facility compared to the heat rate on a new and clean basis of a best-commercially available technology combined-cycle natural gas-fired combustion turbine.

- Algae
- Bark
- Biodiesel
- Biomass energy based on animal waste or solid organic fuels from wood, forest, or field residues, or dedicated energy crops
- Biosolids
- Food waste
- Fresh water that does not result in new impoundments or diversion of water
- Gas from sewage treatment facilities
- Geothermal energy
- Landfill gas
- Pulping liquors
- Sawdust and lignin from spent pulping liquor
- Solar energy
- Wave, ocean, or tidal power
- Wind
- Wood chips
- Wooden demolition and construction debris,
- Yard waste

#### Ineligible Renewable Energy Projects

Projects that use the following fuels are not eligible.

- Wood pieces that have been treated with chemical preservatives such as creosote pentachlorophenol, or copper-chrome-arsenic
- Wood from old growth forests
- Municipal solid waste

### **3. Eligible Clean Energy Innovation Projects**

Clean energy innovation projects are eligible for grants or loans or a combination. Clean Energy is defined as technologies that involve products or services which promote, enhance or advance:

- Diversity of supply sources/transmission
- Efficiency in use
- Reduce negative environmental effects such as greenhouse gas emissions

The following areas of clean energy innovation are of particular interest to the state.

- Renewable sources of energy (solar, wind, fuel cells, biofuels, geothermal, hydro-technologies, etc.)
- Conservation and demand response (building use, grid management, delivery & transportation,)

Eligible projects or companies are ones that are located in Washington State that offer innovative new technologies or service delivery models for energy efficiency, renewable energy, or other facets of clean energy. Projects must demonstrate a clear path towards

deployment at commercial scale within two or three years. The goal is to fund innovative technologies and business models that need incremental funding to demonstrate viability and can show a path to rapid scaling in Washington State and throughout the U.S. or in export markets. Eligible projects include but are not limited to:

- Early-stage companies with clean energy technology
- Investment funds or organizations that target early-stage clean energy companies in Washington
- Demonstration projects of new clean energy technologies or service models from existing companies
- Unproven but promising energy efficiency or renewable energy technologies and services

#### Ineligible Clean Energy Innovation Projects

- Research at the lab scale
- Carbon sequestration and other types of projects excluded under the federal SEP guidelines.

### **C. Sufficient Matching Funds**

Matching funds must total at least the amount of funds requested for the project to be eligible.

The following provides guidance on what counts as matching funds.

All project related expenditures since January 1, 2009 including:

- Utility incentives
- Public borrowing
- Private borrowing
- Private equity
- Other federal and state funding sources
- ARRA funds including Energy Conservation and Efficiency Block Grants
- Contributed real property can be included in total project cost.

### **D. SEP Funding Request**

The SEP funding request must be between \$500,000 and \$2,000,000 for the project to be eligible.

### **E. Timely Expenditure of Funds**

CTED anticipates signing contracts with awardees in October 2009. Projects must spend all SEP funding no later than December 31, 2011. There is no option to extend the funding. Applications must include a plan with milestones that demonstrate the project will be completed and funds expended within the timeframe indicated in the application.

### **F. Statement of financial need**

Projects must provide a signed statement that “but for” the SEP funding, the project could not proceed at the scale or schedule proposed in the application.

## **PART V – APPLICATION REVIEW PROCESS AND AWARDS**

Any contract awarded as a result of this application process is contingent upon the availability of funding. CTED may reject any application not in compliance with all prescribed procedures and requirements. CTED reserves the right to cancel this solicitation or reject for good cause and to commence a new application process at any time upon a finding by CTED that it is in the public interest to do so. Proposals submitted in response to the application shall become the property of CTED. All proposals received shall remain confidential until contracts are fully executed.

The application review process has three stages: threshold review, scoring evaluation, and overlay evaluation.

### **Threshold Review**

CTED staff will review the application to determine whether the application was properly completed and submitted on time. CTED staff will then determine if an application meets the eligibility criteria. If the application does not meet threshold criteria, it will not be scored.

### **Scoring Evaluation**

The following five sections will be scored and proposals will be ranked based on the total scores.

#### **A. Project Plan (40 points maximum)**

Evaluators will rank quality of the project plan with a view to the following criteria.

##### Energy Efficiency and Renewable Energy Projects

- To what degree does the applicant have a well-considered plan with a clear schedule to produce tangible results?
- To what extent will the applicant deploy proven technologies and strategies that have a high chance of generating the forecasted savings or renewable power?
- To what extent does the applicant demonstrate the financial and management capacity to absorb set-backs to the proposed project plan?
- To what extent can the project transition to a sustainable business model that will persist after Recovery Act funds are expended and contribute to the growth of the clean energy sector in Washington?
- How secure is the source of repayment for a proposed loan?
- To what extent is the budget sufficiently detailed and reasonable in anticipating project costs?
- Evidence of permits in place/Environmental Review complete (or a schedule for completion) – NEPA or SEPA if applicable.

##### Clean Energy Innovation Projects

- To what degree does the project offer an innovative product or service that could significantly increase market penetration of energy efficiency or renewable energy?
- To what extent does the project present an attractive balance of risk from innovation with the potential for driving significant changes in the clean energy sector?
- To what extent can the project transition to a sustainable business model that will persist

after Recovery Act funds are expended and contribute to the growth of the clean energy sector in Washington?

- How secure is the source of repayment for a proposed loan?
- To what extent is the budget sufficiently detailed and reasonable in anticipating project costs?

## **B. Project Team (10 points maximum)**

Application evaluators will score the experience and qualifications of the project team for their assigned role with the project. The evaluators will review the relevant work experience and qualifications for team members as well as the completeness of the team for the proposed work program.

## **C. Matching/Leveraging Funds (30 points maximum)**

CTED wants to encourage project proponents to use other sources of funding in combination with SEP funding. Projects with more matching funds will score higher than those with the minimum 50/50 match. CTED will calculate the ratio of matching funds to SEP funds and use that ratio as the score with a maximum score of 10. The score will be multiplied by 3 for ranking. For example, a project with a 3 to 1 matching ratio of non-SEP funding to SEP funding would score a 9.

Non-SEP funding is defined as total project expenditure since January 1, 2009 less SEP funding. In-kind contributions of labor and services will not be counted as a source of matching funds.

## **D. Jobs (10 points maximum)**

CTED will score projects higher if they create more jobs per \$100,000 of SEP funding than other proposals. For example, a project that creates or retains 1 job per \$100,000 of SEP funding will score a 1 and a project that creates 10 jobs per \$100,000 of SEP money will score a 10.

## **E. Energy Savings/Production (10 points maximum)**

All applications shall include an estimate of the average annual energy savings or production from January 2011 to December 2020 and calculate the annual energy saved/produced per SEP dollar invested. The projects will be ranked according to their energy savings/production per dollar of SEP and scored according to the decile in which the project falls. A project in bottom ten percent of projects for energy savings/generation will score a 1, and project in the second ten percent will score a 2 and so on up to a 10 for the projects in the top 10 percent.

Please include the assumptions for estimates and the methodology used to calculate the estimates. The estimates shall be reported in the following units of measure as specified in the SEP Funding Opportunity Announcement in Section 10.3A Critical Annual Reporting Metrics:

### Energy Savings (kWh equivalents)

- Annual reduction in natural gas consumption (mmcf)
- Annual reduction in electricity consumption (MWh)
- Annual reduction in electricity demand (MW)
- Annual reduction in fuel oil consumption (gallons)
- Annual reduction in propane consumption (gallons)
- Annual reduction in gasoline and diesel fuel consumption (gallons)



## Renewable Energy Capacity and Generation/Production

- Amount of wind-powered electric generating capacity installed (MW)
- Amount of electricity generated from wind systems (MWh)
- Amount of photovoltaic generating capacity installed (MW)
- Amount of electricity generated from photovoltaic systems (MWh)
- Amount of electric generating capacity from other renewable sources installed (MW)
- Amount of electricity generated from other renewable sources (MWh)

## **Overlay Evaluation**

CTED application evaluators will score all of the applications and created one ranked list from the highest to lowest ranked projects.

## Grant/Loan Allocation

CTED will allocate grant and loan funding to projects from the highest to lower ranked projects until the available funds are allocated. Once all the grant funds are allocated, a lower ranked proposal requesting a loan could receive funding while a higher ranked proposal requesting a grant would not. For example, suppose that the state receives 100 proposals, each with a requested SEP amount of \$1 million dollars. Suppose further that the top ten rated proposals requested grants of \$1 million and that the eleventh through thirtieth rated projects requested loans of \$1 million. In that case, the top six rated proposals would get grants of \$1 million and the projects ranked eleven through twenty four would get the loans. The seventh through tenth rated projects with grant requests would not receive an SEP allocation even though they ranked higher than the loan applications.

A similar process will be used to ensure funding for a mix of the three project categories and to ensure a balance between Eastern and Western Washington. Once all the projects are scored, the rating team will apply the following overlays to the ranked list.

1. Proceed down the ranked list and award grants first until \$6.5 million is allocated.
2. Proceed down the ranked list and award loans until up to \$13.5 million in loans is allocated
3. If less than \$4 million of combined grants and loans goes into each of the three categories; energy efficiency, renewable energy, and innovation; then shift funds from the lowest ranked projects in the categories with over \$4 million in funding until each of the three categories has at least \$4 million
4. If less than \$3.5 million are in projects from the following list of Eastern Washington counties; then shift funds from the lowest ranked projects in Western Washington counties to next highest ranked unfunded projects in Eastern Washington counties.
  - Adams
  - Asotin
  - Benton
  - Chelan
  - Columbia
  - Douglas
  - Ferry
  - Franklin
  - Garfield
  - Grant
  - Kittitas
  - Klickitat
  - Lincoln
  - Okanogan
  - Pend Oreille
  - Spokane
  - Stevens
  - Walla Walla
  - Whitman
  - Yakima

## **Award**

CTED management will consider staff recommendations and make funding decisions. The Governor will certify any projects to be funded that represent an appropriate investment for recovery funds. Legislators will be informed and award decisions will be announced to all applicants. Award letters will be sent outlining when costs can be incurred and the contracting process.

## **PART VI -APPLICATION INSTRUCTIONS:**

1. Please read through the entire application carefully.
2. Due to an anticipated large number of applications, we must strictly enforce the following format rules:
  - Application responses must use the specified format. Please do not create your own format. Applications not using this format will not be reviewed.
  - Edit your answers so they are as clear and concise as possible. Reviewers have only a few weeks to read a great number of applications, so they appreciate it when applicants make it easier for them to find needed information.
  - If submitted in hard copy, the application and supporting materials should be photocopied back-to-back (printed material on both sides of a sheet of paper) whenever possible.
  - Please submit all of your materials in one packet. Any materials submitted separately will be discarded.
3. The application must be signed by a member of the applicant's board or its executive director or business owner.
4. Applicants should also provide copies of the following, if applicable:
  - The most recent annual report or publication describing your organization.
  - A current financial statement or most recent audit report prepared, compiled or reviewed by a Certified Public Accountant independent of the applicant's organization (must include a balance sheet).
  - The most current copy of your 501(c)3 letter of determination from the IRS.
  - A W-9 form from the IRS (which lists your taxpayer identification number).

*No additional materials will be accepted after the application deadline.*

## **Miscellaneous Tips**

Be sure to read the *State Energy Program Guidelines* found on the [CTED Recovery Website](#) before you start filling out the application. Please keep your responses simple and focus on the fundamentals:

- Be concise but fully responsive to all questions;
- Whenever possible ground your arguments in facts and data;
- Make sure all of your numbers add up correctly and that they are adequately labeled; and
- Answer the questions accurately and honestly.

When in doubt, please ask us questions! The ideal time to begin talking to us is before you start

writing your application. Please call our staff at 360/725-3111, or email us at [coryp@cted.wa.gov](mailto:coryp@cted.wa.gov) with any questions you may have. Also, we strongly encourage you to attend an application workshop (see website) and sign up for the CTED Energy Programs listserv by e-mailing [carolees@cted.wa.gov](mailto:carolees@cted.wa.gov).

All materials are available on our website: [www.cted.wa.gov/recovery](http://www.cted.wa.gov/recovery). If you need an electronic form e-mailed to you, please call (360) 725-3118.

## **HOW TO APPLY**

By August 15, 2009, submit all application parts either:

- Electronically to: [energy\\_policy@cted.wa.gov](mailto:energy_policy@cted.wa.gov);
- By FAX to (360) 586-0049; or
- Hand-delivered to the State Energy Program at 906 Columbia St SW in Olympia, Washington

**Application Parts:** (Application Forms follow these guidelines.)

### **Brief outline of application**

#### 1. Project Summary

#### 2. Project Eligibility (Threshold – Page 21)

Eligible Applicant  
Eligible Project  
Match (over 100% of total funds requested)  
Ready to Proceed  
Need for Funding

#### 2. Scoring Evaluation (10 pages maximum – Pages 17-21)

Project Description  
Work Plan  
Project Team  
Project Budget – Assumptions and forms  
Match (total match)  
Jobs  
Energy Savings

## **Project Summary Instructions**

Please limit your response to no more than two pages. Be as concise as possible.

The Project Summary serves as the cover page for the application and should be the first page.

1. Type of application – Energy Efficiency, Renewable Energy, or Clean Technology
2. Provide information on the contact person, should we need more information about your project. If funded this person will be the main contact for the SEP agreement.
3. Provide information on any subcontract organization (anyone that will receive a subcontract not, purchase of goods and services) to benefit from the project or to receive SEP funds to implement the project on behalf of the local government.
4. Provide information on the consultant used to develop the proposal, if applicable.
5. List the month and day of the applicant's fiscal year from beginning to end.
6. List the numbers of the state and congressional districts, if a statewide project say so.
7. Provide a brief project description, summarizing what is to be accomplished and the major elements of the project.
8. Summarize the budget detailed in the application's Project Budget. List the amount of other ARRA recovery funds committed to this project at "Other Federal Recovery."
9. This form and certification must be signed by the local government's chief administrative official (mayor, county commission chair, county administrator, city manager, president, CEO, etc.). Clearly print/type the official's name and title.

Other documents may be included. Please limit additional materials submitted to the minimum amount necessary to directly support your application:

- Business plan
- Feasibility study
- Evidence of local support
- Description of project/business managers
- For construction projects:
  - Evidence that design engineering is complete (or a schedule for completion)
  - Evidence of contract of the project site

## **Project Plan Instructions**

Please limit your response to no more than ten pages. Be as concise as possible.

There are no specified forms for the project plan except for the milestone list. Please use the scoring evaluation criteria on Page 12 as your guide for what to include.

### Milestone List Instructions

Some of the possible tasks you may need for your project, particularly if it involves construction:

<b>Task</b>	<b>Instructions</b>
Execute Grant Agreement with CTED	List the responsible party.
Establish Subcontract Agreement, if applicable	Subcontractors are organizations that will receive SEP funds to implement the project on behalf of the local government and will benefit from the funds.
Obtain Site Control	List the responsible party. Projects without site control will have difficulty meeting the SEP timing requirements.
Complete Cultural/Historical Resources Review	The SEP environmental review requirements include the local government's certification and request for release of funds to the state. NEPA reviews for other federal funds will still require this SEP step, which can take up to 6 weeks for projects that are not exempt.
Complete NEPA/SEPA Environmental Review	
Obtain Permits	Projects without necessary permits will have difficulty meeting the SEP timing requirements.
Prepare Bid Documents/Solicit Bids	List the responsible party. All recovery funded construction projects must include federal prevailing wage, Buy American, and employment reporting requirements in the bid documents.
Obligate Funds	SEP projects must obligate funds by September 30, 2010.
Start Construction	Estimate when construction will begin.
Submit First Week Labor Standards Package	List the responsible party. CTED will provide a grants management handbook with the labor standards forms to be submitted.
Recovery fund job creation and progress reporting	List the responsible party. The first required quarterly reports are due October 2009. List the final quarter of reporting.
Complete Construction	Estimate when construction will be complete.
Spend Funds	SEP projects must spend all funds by April 30, 2012.
Other	Use the "Other" lines or insert lines for additional project tasks applicable to your project.
Project in Use	Estimate when the project benefit will be achieved, such as building occupancy, utility in service, etc.

## Project Team Instructions

Describe the planned project team and team members. Besides a narrative description please complete the table in the forms. There is no form for the description.

In addition to the description please complete this table:

Name of team member	% of time allocated to project	Qualifications	Role on team

## Budget Assumptions Instructions

Tell us how you built the budget, explaining how you derived costs for each activity cost in your budget form. A more detailed budget may be requested during contract negotiations. Your assumptions should include the following:

- Why is this budget reasonable and appropriate, considering the scope, substance, and duration of the proposed project?
- What are the assumptions behind the activity cost calculations? Be detailed and specific.

Attach available or applicable source documentation of the costs, such as an engineer's preliminary costs.

## Project Budget Instructions

Provide the total budget of the proposed SEP project, subdivided by activity costs.

Request only the level of funding needed to carry out the project. The request must be sufficient either by itself or included with other proposed funding sources to assure effective administration and completion of the proposed project within the contract period. Since recovery funded construction projects must pay federal prevailing wage, Buy American, and complete additional employment reporting, include these in your cost estimates.

List the allocation of SEP funds among project costs in the Source 1 column and the allocation of other funding sources (as well as the name of the other source) in the other columns (page 30).

## Funding Status

For each funding source, indicate whether there is a firm funding commitment and if it is an American Recovery and Reinvestment Act funding source.

## **Personal Services**

Personal Services – Compute all salaries, wages, and fringe benefits to be paid by the applicant and subcontractors for the project during the time of the grant. All applicants must complete the personal services line item whether or not they are requesting SEP funds for this cost. These items can be covered through local or in-kind contributions.

Personal Services activities can include:

- The applicant's staff's attendance at the grant management training
- Review and execution of the SEP grant agreement
- Establishment of SEP files and record keeping
- Compliance with special Recovery Act reporting requirements
- Contract close-out activities
- All contractor or subcontractor personnel costs that are directly attributable to the project.

*The application preparation costs are ineligible under SEP guidelines.*

## **Contractual Services**

Costs to detail in the Budget Assumptions and to include when computing the Contractual Services activity costs include:

- Professional Services - Compute consultant or costs, legal costs, and audits costs, and engineering and other technical services. Included in this line item can be costs for NEPA or SEPA environment review.
- Other Contractual Services - Applicants should take into consideration any other costs or expenses that may be incurred prior to closeout.

## **Jobs**

Process to calculate jobs per \$100,000 of SEP funding:

1. Estimate short-term jobs. Document the number of year-long, full-time equivalent jobs created or retained directly by the project in the twelve months following the full-legal commitment of SEP funds to the project.
2. Estimate long-term jobs. Document the number of year-long, full-time equivalent jobs that will be created or retained in efforts related to the project in calendar year 2012.
3. Divide the combined amount of requested SEP loans and grants by \$100,000
4. Divide the numbers in 1. and 2. by 3., add resulting numbers together and divide by 2. This number will serve as the jobs score. For example, a project that creates or retains 1 job per \$100,000 of SEP will score a 1 and a project that creates 10 jobs per \$100,000 of SEP money will score a 10. 10 is the maximum score.

## **Goods and Services**

Costs to detail in the Budget Assumptions and to include when computing the Goods and Services activity costs include:

- Goods and Services Costs – Compute the costs of supplies. Include postage costs, telephones, equipment leasing costs, printing and publication costs, office rent, utilities, and office costs.
- Other Goods and Services – Applicants should take into consideration any other costs or expenses that may be incurred prior to closeout.

## **Travel**

Enter all costs for expected travel. Explain all activities in the budget assumptions.

## **Other**

List costs associated with any other activity not listed above, such as clearance, flood control or drainage activities, or parking. Explain all activities in the budget assumptions.

## **Totals**

Enter a SEP total, the totals for each funding source including the local government's cash, proposed match, in-kind contributions necessary to complete the project (may not be counted toward project match requirement), the totals for each activity cost line, and the total project cost on the lines provided. These totals should match those amounts listed on your application's Project Summary.

## **PART VII – RIGHTS RESERVED, PROPRIETARY INFORMATION, AND PUBLIC DISCLOSURE**

### **Rights Reserved**

The AGENCY (CTED) reserves the right at its sole discretion to reject any and all proposals received without penalty and not to issue a contract as a result of this RFP.

CTED may reject any application not in compliance with all prescribed procedures and requirements. CTED reserves the right to cancel this solicitation or reject for good cause and to commence a new application process at any time upon a finding by CTED that it is in the public interest to do so.

### **Proprietary Information and Public Disclosure**

Proposals submitted in response to this competitive procurement shall become the property of CTED.

All proposals received shall remain confidential until the contract, if any, resulting from this RFP is signed by the Director of the AGENCY and the apparent successful Contractor; thereafter, the proposals shall be deemed public records as defined in RCW 42.56.



Any information in the proposal that the Consultant desires to claim as proprietary and exempt from disclosure under the provisions of RCW 42.56 must be clearly designated. The page must be identified and the particular exception from disclosure upon which the Consultant is making the claim. Each page claimed to be exempt from disclosure must be clearly identified by the work "Confidential" printed on the lower right hand corner of the page.

The AGENCY will consider a Consultant's request for exemption from disclosure; however, the AGENCY will make a decision predicated upon RCW 43.56. Marking the entire proposal exempt from disclosure will not be honored. The Consultant must be reasonable in designating information as confidential. If any information is marked as proprietary in the proposal, such information will not be made available until the affected proposer has been given an opportunity to seek a court injunction against the requested disclosure.

A charge will be made for copying and shipping as outlined in RCW 42.56. No fees shall be charged for inspection of contract files, but twenty-four (24) hours' notice to the RFP Coordinator is required. All requests for information should be directed to the RFP Coordinator.

## PART VIII – Forms

### NOTICE OF INTENT TO APPLY TO THE STATE ENERGY PROGRAM GRANT AND LOAN PROGRAM DUE TO CTED: JULY 27, 2009 BY 5 P.M.

This form is required for all applicants for the State Energy Program Recovery Act Grant and Loan Program. If we do not receive this completed form by the due date we will **not** accept your application.

Name of Organization \_\_\_\_\_

Principal Applicant \_\_\_\_\_

Phone Number of Principal Applicant \_\_\_\_\_

Email of Principal Applicant \_\_\_\_\_

Title of Project \_\_\_\_\_

Type of Project

Energy Efficiency \_\_\_\_\_

Sub Type, if applicable \_\_\_\_\_

Renewable Energy \_\_\_\_\_

Sub Type, if applicable \_\_\_\_\_

Clean Energy Innovation \_\_\_\_\_

Sub Type, if applicable \_\_\_\_\_

Total Amount of Request \_\_\_\_\_

Loan Amount \_\_\_\_\_

Grant Amount \_\_\_\_\_

Signature \_\_\_\_\_

Typed Name \_\_\_\_\_

Date \_\_\_\_\_

The applicant, by the above signature, certifies that he or she has read and understands the *Application Guidelines and Forms*, and that all of the information contained in this application and supporting materials is accurate as of the above-listed date. The applicant certifies that it supports the project as described in this application. The applicant certifies the availability of funds for this project. The applicant understands that CTED Program staff may independently verify all information provided, and that the discovery of incomplete, inaccurate, or misleading information are grounds for the disqualification of this application or the revoking of an award.

**STATE ENERGY PROGRAM  
PROJECT SUMMARY**

1. Type of application:	Energy Efficiency ____ Renewable Energy ____ Clean Technology ____		
2. <b>Applicant Name:</b> Type of Applicant: Address - Mail: Address - Street: City, Zip: Email:		Phone:	
		Fax:	
		Fed Tax ID:	
		County:	
		SWV Number:	
		DUNS Number:	
3. <b>Contact Person:</b> Address - Mail: Address - Street: City, Zip: Email:		Title:	
		Phone:	
		Fax:	
4. <b>Subrecipient:</b> Contact Person: Address - Mail: Address - Street: City, Zip: Email:		Title:	
		Phone:	
		Fax:	
		Organization	
		Category(s):	
		DUNS Number:	
5. Fiscal Year:	From:	To:	
6. State Legislative District:	Congressional District:		
7. Brief Project Description:			
8. Project  Budget:	SEP Loan Amount	\$	
	SEP Grant Amount	\$	
	Other Federal Recovery	\$	
	Other Federal (non-Recovery)	\$	
	State	\$	
	Local Public	\$	
	Private	\$	
	<b>TOTAL</b>	\$	

### **CERTIFICATION OF CHIEF ADMINISTRATIVE OFFICIAL**

The investment of American Recovery and Reinvestment Act funds for this project is an appropriate use of taxpayer dollars and I commit to adhere to the laws and regulations governing the requirements of the American Recovery and Reinvestment Act, the State Energy Program guidelines, and any Washington laws or rules that are applicable. The primary applicant and planned subcontractors have not been debarred by the Federal government, convicted of fraud, or had a Federal debt discharged. All applicants have current business licenses in the state of Washington.

---

Signature

Date

---

Print Name

Title

There are three evaluation parts to the application – a Threshold Evaluation, a Scoring Evaluation, and Overlay Evaluation.

### **THRESHOLD EVALUATION (2 PAGES MAXIMUM)**

1. What type of organization is the applicant? Include in your answer what type of organization this is as listed in the “Eligible Applicant” section on Page 11.
2. What is the proposed project? Include in your answer what type of project this is as listed in the “Eligible Project” section on Page 12.
3. Is the total of requested funds between \$500,000 and \$2,000,000?
4. Is the secured match at least as much as the funds requested?
5. Is the project ready to proceed?
6. Do the requested funds supplement and not supplant other funds?

## SCORING EVALUATION (10 PAGES MAXIMUM)

1. Approximately how many direct FTE jobs will this project create or retain? Please include the assumptions for estimates and the methodology used to calculate the estimates. (See page 20 of the guidance.)

Type of Job	Permanent (including microenterprise jobs)	Construction	Other (explain)
Number FTE			

2. Please describe the amount and contributor of any project match.

3. Approximately how much energy will this project save or produce? Please include the assumptions for estimates and the methodology used to calculate the estimates. (See page for more information.)

4. Please describe the planned project team and team members. In addition to the description please complete this table:

Name of team member	% of time allocated to project	Qualifications	Role on team

5. Please describe the planned project. See page 9 for some of the details that will need to be included.

6. Please complete the Work Plan below.

## ELIGIBILITY TEST FOR THE STATE ENERGY PROGRAM

*To be eligible, you must answer “yes” to questions 2.1 through 2.9 (unless not applicable). **Each question represents an eligibility standard that must be met at the time the application is submitted.** Please use 2.9 if you need to explain an answer.*

### Nonprofit Organizations

2.1 Is the applicant a nonprofit organization with current 501(c)3 Internal Revenue Service registration?

Advance ruling ☐ Yes ☐ No ☐

2.2 Is the applicant a registered nonprofit organization in the state of Washington?

Yes ☐ No ☐ Not applicable ☐

2.3 Does the applicant have a legally constituted board of directors?

Yes ☐ No ☐

### Business Entities

2.4 Does the applicant possess a valid business license? Yes ☐ No ☐

2.5 Has the applicant either:

A. secured all other funds needed to complete the project, or Yes ☐ No ☐

B. received a commitment of funding from a lender, Yes ☐ No ☐

*(You must say “yes” to one of the above options as of the date of the application submission.)*

2.6 Does the energy efficiency or renewable energy project include *major* new construction or renovation?

Yes ☐ No ☐

2.7 Will federal prevailing wages (Davis Bacon) be paid for all construction labor?

Yes ☐ No ☐

2.8 Can applicant state that they have not been debarred by the Federal government, convicted of fraud, or had a Federal debt discharged? Yes ☐ No ☐

2.9 Comments:

## PROJECT PLAN

- List the local responsible party and when you expect activities to be completed (month/year).
- Use the "Other" lines or insert lines for additional project tasks applicable to your project.
- See line-by-line instructions on page 17.

Task	Responsible Party	Start Date	End Date
Execute Grant Agreement with CTED		9/09	12/12
Establish Subrecipient Agreement, if applicable			
Establish local grant/loan program procedures and materials, if applicable			
Procure Professional Services			
Obtain Site Control			
Complete Cultural/Historical Resources Review			
Complete NEPA/SEPA Environmental Review			
Obtain Permits			
Prepare Bid Documents/Solicit Bids			
Award Construction Contract			
Start Construction			
Submit First Week Labor Standards Package			
Recovery fund job creation and progress reporting		10/09 and Quarterly	
Complete Construction			
Other			
Other			
Other			
Project in Use			

## PROJECT BUDGET

There are two budget components in this application:

- Budget Assumptions (no format is provided with this application)
- Project Budget Form (enclosed page 29)

*Add pages as needed to complete your assumptions.*



PROJECT BUDGET					
Funding Status	Source 1	Source 2	Source 3	Source 4	Totals
Are the sources committed?	SEP Loan	SEP Grant	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Is it an ARRA recovery fund source?			X Yes <input type="checkbox"/> No	X Yes <input type="checkbox"/> No	
Activity Costs					
General Administration (SEP contract execution, files and record keeping, civil rights compliance)					
Project Administration (Project Manager, Consultant Fees)					
Environmental Review					
Architectural Fees					
Engineering Fees					
Commercial/Industrial Facility					
Other:					
Other:					
<b>TOTALS</b>					

**Use a second copy of this form if you have more than 4 funding sources.**